



State of Wisconsin
Department of Health Services

Scott Walker, Governor
Dennis G. Smith, Secretary

Senate Committee on Insurance and Housing
Testimony of Medicaid Director Brett Davis
Wisconsin Department of Health Services
Senate Bill 474

February 22, 2012

Senator Lasee and distinguished members of the committee, thank you for allowing the Department to assist this Committee by providing testimony on Senate Bill 474. The Department is testifying in support of this legislation.

Federal law regulating the Medicaid program requires that each State verify assets of elderly, blind, and disabled (EBD) Medicaid applicants as a condition of eligibility. Under the current system in Wisconsin, assets are self-declared, and the verification of said assets is primarily a manual process with financial institutions. Currently, the Department lacks the authority to cross-reference potential undisclosed assets electronically, making it possible for assets to be hidden in order to gain eligibility for Medicaid.

The Supplemental Appropriations Act of 2008, signed into law by President Bush, amended the federal Medicaid statute by adding Section 1940. This section requires States to implement a system to automate the verification of assets based on general federal guidelines. All states are required to implement an asset verification system by 2013.

Senate Bill 474 would codify federal law under Section 1940 of the Social Security Act, and require the Department of Health Services to enter into reporting agreements with the nearly 400 financial institutions operating in Wisconsin. By being able to accurately identify and verify an individual's assets, the Department is expected to save money by reducing error rates and improving fraud detection.

The Department also notes that similar asset verification programs are already being used by other State agencies and required under statute in Wisconsin law. Wisconsin Statute 71.91 authorizes the Department of Revenue to operate a financial record matching program for the collection of delinquent taxes and Wisconsin Statute 49.853 authorizes the Department of Children and Families to operate a financial record matching program for the collection of child support payments

Thank you again for allowing me the opportunity to provide information to the committee. I would be happy to entertain any questions that you may have at this time.